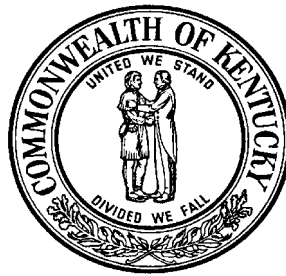


**REPORT OF THE AUDIT OF THE  
WARREN COUNTY  
CLERK**

**For The Year Ended  
December 31, 2001**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Michael Buchanon, County Judge/Executive  
Honorable Yvonne Guy, Warren County Clerk  
Members of the Warren County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Warren County, Kentucky, for the year ended December 31, 2001.

We engaged Carpenter, Mountjoy & Bressler, PSC to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC evaluated the Warren County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure





**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
WARREN COUNTY CLERK**

**Calendar Year 2001**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE WARREN COUNTY CLERK**

**Calendar Year 2001**

The Carpenter, Mountjoy & Bressler, PSC has completed the Warren County Clerk's audit for calendar year 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

We commend the Warren County Clerk for keeping excellent financial records.

#### **Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and quarterly paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The financial statements of the Warren County Clerk's 75% fund reflect receipts of \$1,471,229 and disbursements of \$1,445,496 resulting in a deficit fund balance of \$637 for the calendar year 2001. The 25% government fund had receipts and disbursements of \$458,816 resulting in a zero fund balance.

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities or bonds.





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# *Carpenter, Mountjoy & Bressler*

*Certified Public Accountants and Consultants*

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Michael Buchanon, County Judge/Executive

Honorable Yvonne Guy, Warren County Clerk

Members of the Warren County Fiscal Court

## Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Warren County Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2001. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

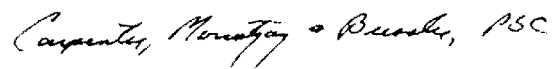
In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Michael Buchanon, County Judge/Executive  
Honorable Yvonne Guy, Warren County Clerk  
Members of the Warren County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated October 14, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

We commend the Warren County Clerk for keeping excellent financial records.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC  
Frankfort, Kentucky

Audit fieldwork completed -  
October 14, 2002

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2001

Receipts

State Fees For Services	\$	35,272
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Fiscal Court		20,159
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Licenses, Taxes, and Fees:

Motor Vehicle-

Licenses and Transfers	\$	2,159,180
Usage Tax		11,943,178
Tangible Personal Property Tax		5,722,164
Notary Fees		18,194
Lien Release Fees		16,924
Miscellaneous		586

Licenses-

Marriage		27,393
Miscellaneous		360

Deed Transfer Tax		330,282
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Delinquent Taxes		175,998
		20,394,259

Fees Collected for Services:

Recordings-

Bail Bonds	\$	63
Deeds, Easements, and Contracts		55,666
Real Estate Mortgages		265,498
Chattel Mortgages and Financing Statements		233,527
Powers of Attorney		8,084
All Other Recordings		115,550

Charges for Other Services-

Candidate Filing Fees		850
Copywork		33,273
Postage		20,452
Refunds/Overpayments		65,720
Miscellaneous		2,850
		801,533

Interest Earned		21,517
		21,517

Total Receipts	\$	21,272,740
----------------	----	------------

WARREN COUNTY  
 YVONNE GUY, COUNTY CLERK  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 Calendar Year 2001  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,639,403

Usage Tax 11,560,046

Tangible Personal Property Tax 2,010,578

Licenses-

Delinquent Tax 41,572

Legal Process Tax 83,095

Candidate Filing Fees 510 \$ 15,335,204

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 677,582

Delinquent Tax 32,228

Deed Transfer Tax 313,767

Miscellaneous 228 1,023,805

Payments to Other Districts:

Tangible Personal Property Tax \$ 2,800,950

Delinquent Tax 55,062 2,856,012

Payments to Sheriff

2,723

Payments to County Attorney

27,042

Operating Disbursements:

Materials and Supplies-

Office Supplies \$ 10

Personal Services-

Deputies' Salaries 1,393

Other Charges

Refunds 95,245

Postage 46

Bank Service Charges 193

Miscellaneous 1,022 97,909

Total Disbursements

19,342,695

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 2001  
(Continued)

Total Disbursements		<u>19,342,695</u>
Net Receipts		1,930,045
Payments to State Treasurer:		
75% Operating Fund	1,471,229	
25% County Fund	<u>458,816</u>	<u>1,930,045</u>
Balance Due at Completion of Audit		<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
FUND BALANCES OF THE COUNTY CLERK'S OPERATING  
FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2001

	Operating Fund	County Fund	Totals
Fund Balance - January 1, 2001	\$ (26,370)	\$	\$ (26,370)
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,471,229		1,471,229
Fees Paid to State - County Funds (25%)		458,816	458,816
Total Funds Available	\$ 1,444,859	\$ 458,816	\$ 1,903,675
<u>Disbursements</u>			
Warren County Government	\$	\$ 458,816	\$ 458,816
County Clerk's Statutory Maximum	78,822		78,822
County Clerk's Expense Allowance	3,600		3,600
County Clerk's Training Incentive	2,189		
Deputies Salaries	862,037		862,037
Employer's Share Social Security	68,352		68,352
Employer's Share Retirement	64,227		64,227
Employer's Paid Health Insurance	105,967		105,967
Computer Rental	139,460		139,460
Copier Rental	26,923		26,923
Dues and Fees	395		395
Insurance and Bonds	4,068		4,068
Office Equipment	2,396		2,396
Office Supplies	14,834		14,834
Postage	32,546		32,546
Telephone	5,371		5,371
Travel Expense	6,296		6,296
Paper	2,915		2,915
Forms and Printing	4,694		4,694
Making Tax Bills	702		702
Books and Guides	3,365		3,365
Repair Labor	8,249		8,249
Recording Books	4,845		4,845
Recording Paper	3,243		3,243
Total Disbursements	\$ 1,445,496	\$ 458,816	\$ 1,904,312
Fund Balance - December 31, 2001	\$ (637)	\$ 0	\$ (637)

The accompanying notes are an integral part of the financial statements.



WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WARREN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deferred Compensation

On February 24, 2000, the Warren County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress is accumulating sufficient assets to pay benefits when due is present in the Kentucky Employees' Deferred Compensation Authority's annual financial report.

Note 4. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of March 31, 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bonds which named the County Clerk as beneficiary/obligee on the bonds.

WARREN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2001  
(Continued)

Note 5. Reimbursed Expenses

The amount deposited to the County Clerk's Operating Funds (75%) with the State Treasurer included reimbursed expenses. The reimbursed expenses of \$12,668 include payments from the state and county in addition to miscellaneous revenues.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



# *Carpenter, Mountjoy & Bressler*

*Certified Public Accountants and Consultants*

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Michael Buchanon, County Judge/Executive  
Honorable Yvonne Guy, Warren County Clerk  
Members of the Warren County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the Warren County Clerk for the year ended December 31, 2001, and have issued our report thereon dated October 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Warren County Clerk's financial statements as of December 31, 2001, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Warren County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

*Carpenter, Mountjoy & Bressler, PSC*

Carpenter, Mountjoy & Bressler, PSC  
Frankfort, Kentucky

Audit fieldwork completed -  
October 14, 2002



